

I took the same trade on the M15 chart with a little earlier entry on a cross of green over red and yellow and the 50 line. Am in another M15 trade right now on a cross of green over red and the 50 line.....hitting a daily resistance line right now....





Q1: Could you please share your view on NYO entry?

Q2: Why have you been trading E/J lately? Is it because it's higher volatility in comparison to E/U?

Q1.....I would hesitate to take a long trade on the NYO candle...Thurs & Fri of last week made strong moves up, then Friday's NY session and Sunday's Asian session consolidated making Friday's high point a resistance area to be aware of....until that is broken, I would not enter long.....there is also a daily resistance line about 15 pips above Friday's high.....also the MBL (yellow) on the TDI is above the green and red, indicating market bias to be short...not long.....and the green and red are hanging around the 50 line....I would be looking for a retrace at least back to the 23.6 or the 38.2 fib (fibs from the high and low of last week) before looking for long trades.

Q2.....Yes, you are correct....I am trading the EJ because the volume is much greater right now than the EU.....the weekly range for the EU last week was 215 pips.....the weekly range for the EJ last week was 586

pips.....more room to reach profit targets....using the same principles and trading plan, only on the EJ.

Q: My question is there was a time when you were just trading 1 hr charts, going by your earlier posts. Therefore, in that scenario, would you have been tempted by a trade off the 1 hr this morning. We had a good support of the pivot which held up at 1.3426 with 3 tests and an early cross of TDI (before candle close). Just would be interested in your analysis of the PA looking at the 1 hr. Also, maybe a bounce TDI 'short'. I am trying to stay with 1 hr charts until I make good progress. This morning had me baffled, stayed out in the end....

The 1 hr charts are the way to go....I still prefer the 1 hr but with the market ranging today, I traded some M15's. For a long time, I only traded H1... ..I needed to learn and understood more about market harmonics and price action.....as I learned that, I became more comfortable scalping a few pips on lower time frames.

See my post above for analysis of the EU H1 this morning.....with the daily range being only 52 for today, I wouldn't expect any breakout trades. Staying out was the smart move today....

I just completed the most FANTASTIC trade of my trading life....a 16 hour trade.....I have been studying training videos on the Pro Trader Network about Market Structure, Market Harmonics and Price Action (there is a link on the 1st post of this thread to the PTN). The site is run by a trader who has posted on this thread and the TMS thread under the name of dcginc. He is a full time trader whose real name is Rick and he runs the PTN site to help other traders...

Market harmonics builds on the concept is that price action moves in repeatable patterns and history repeats itself over and over again....we can see evidence of that in candle patterns, structure patterns, support and resistance, 123 or ABCD patterns, etc....the market moves in symmetrical distances and times.

When we use these patterns with TDI confirmation, we find successful trades. Today was my most successful to date and the exciting part to me was that I expected price to move about 260 pips....the same as the 1st impulse leg.

Four hours into the London session on Tuesday the 29th, price set a low and reversed....price proceeded to trend long for 262 pips, then consolidated, tested the high again and then retraced to almost the 38.2 fib.....this created a 123 or ABC pattern.

At the beginning of the NY session on Thursday, 1-31, a bounce of the TDI confirmed the long trend beginning again. I entered on a break of the previous candle with the usual 50 pip SL and 50 pip TP. As the market continued to move up, I decided to test what I have been studying about Market Harmonics and moved my TP to 220 pips which coincided with the AB impulse leg...Market Harmonics states that the CD leg should equal the AB impulse leg of a move. I set my alarm to check the progress at the end of every hour (and sometimes sneaked a peek at work, in between).....if a candle had closed red at the end of an hour, I intended to exit the trade (still new to Market Harmonics) with as much profit as possible.

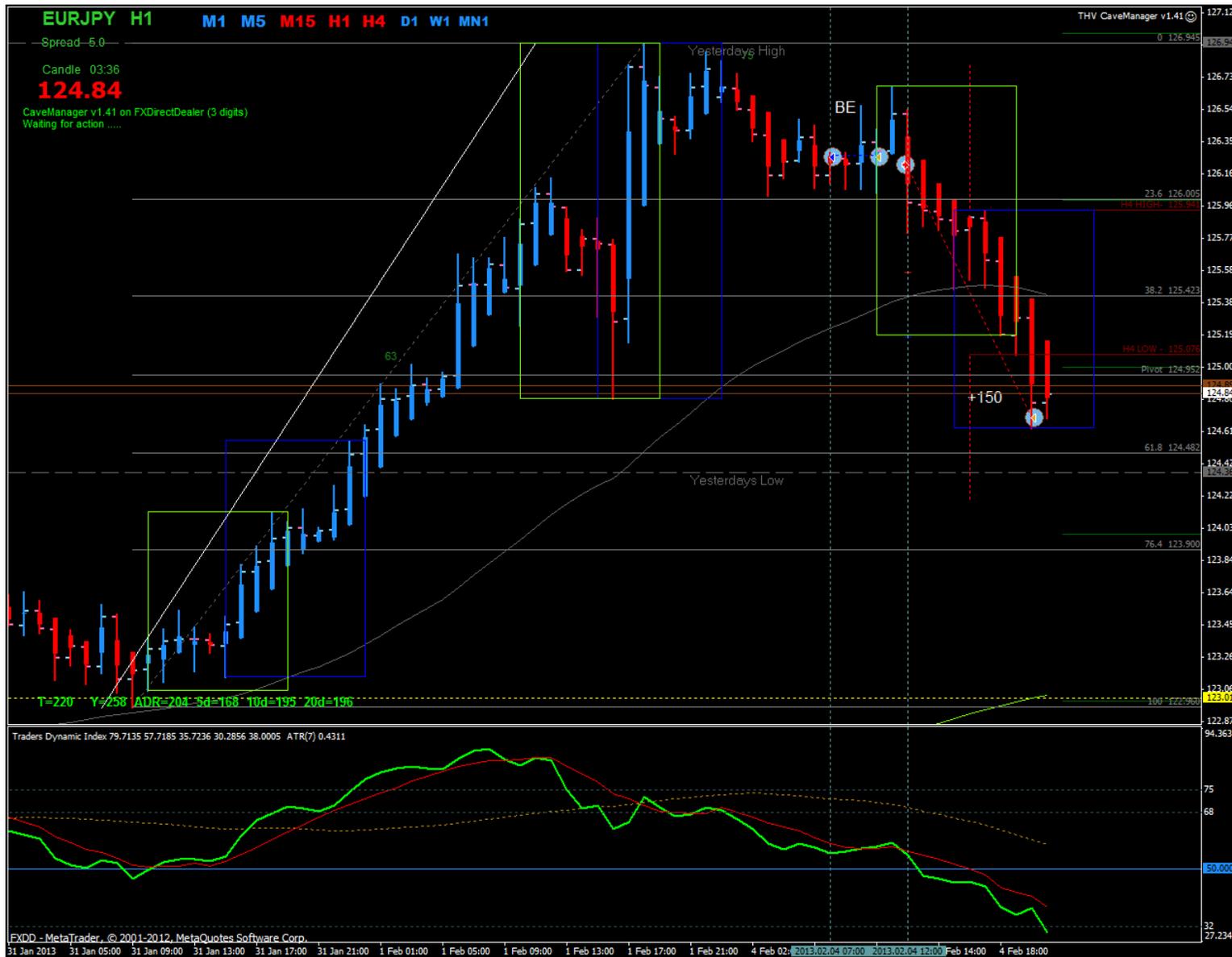
As you can see on the chart, there have been 16 blue candles in a row (now 18 blue candles)...so no need to exit the trade. Many times in my trading, I exit on a candle color change.....I have found that once a strong trend goes for several hours, it will not reverse immediately (except for big news)....instead it will consolidate and range for a while first and then many times continue the original trend.

As price moved to 100 pips profit, I exited 1 lot and left the other lot to reach the 220 TP, which it did!!!!!! When I took off the 1st lot, I added the question to the chart..."will it go the entire 262 pips?".....the answer to that question is.....IT DID!!!!

Another eye opener for me and another tool for my tool box.....

Price and the blue APB candles actually continued up for another six hours following my exit making that run about 320 pips instead of 262....then price retraced to the 38.2 fib of the CD leg and then moved up another 220 pips. I didn't trade today but you could have easily taken another 100+ pips on that move.....Love it when the markets move and give up those pips.....





I took a trade during the Asian session expecting price to move long and went to bed....the EA closed that one at breakeven....the second candle of London set the high for the day and pulled back....entered during the 3rd hour of the London session following that pullback below the blue setup candle and cross of the TDI green over red, below the yellow and about to cross the 50 line....pulled down for 150 pips so I closed it due to the time of day....price is closing in on the 61.8 fib from the Thursday/Friday move from last week....we will see if it bounces or pulls on through....

See my attached chart.....

1. Line A is a valid signal....red and green are below yellow and below the 50 line but not yet in the oversold area below the 86 line.....yellow is sloping down...the signal came at the beginning of London when market volatility gets strongest.

2. Line B is a valid signal....green over red and yellow...moving out of the overbought area....again, occurs at the beginning of the London session.....the opening candle of London or line B are both valid depending on how aggressive a trader wants to be.

3. Line C has a cross of green below red but I would not take this trade because the cross is on the 50 line and yellow is below that cross....I would not expect price to move very far in that circumstance.....the cross occurs during the early part of the NY session which usually has a lot of whipsaws.

4. And finally line D where you asked the questions....this is also not a valid signal in my opinion for the same reasons a #3....if you throw a fib on the previous strong uptrend you mentioned, you will see that price has reached the 50 pivot line and is bouncing long off from it....I would be considering only long trades on candles C & D but I would be very cautious entering a long trade in that area because the Average Daily Range has been reached....

5. I have stated before that once a strong move of 50 or 60 pips or more occurs, the market will usually consolidate before it reverses.....very seldom will the market reverse immediately unless there is a news item to make that happen.....

Q: When I do not have a set TP (50 or 100) and am trading as long as price continues in one direction, I try to follow this rule.....stay in the trade until a candle CLOSES a different color....I do use some discretion....if a candle pulls back quickly from a high by more than 20 pips, I may exit and save the pips I already have.....lots of screen time and practice....every trade is a little different....

On the exit you made today on EU....there is no problem with that....you can always re-enter when the candle changes color and clears the previous candle....



TDI with Market Harmonics and basic Market Structure make trading very exciting....2 trades on the latest CD leg for over 300 pips....exited on the 1st pullback and then re-entered on the next signal.....price has not yet reached D but there is resistance to penetrate.....maybe it will get there, maybe not, but I am out with a "wheelbarrow load of pips" (thanks Big E & dcginc).....expecting price to go in a certain direction and then watching it go there is GREAT....it may not do it every time but that is twice in less than a week!!!!!!





Two trades today....1st @ LO....set TP at 50 due to the location of the yellow resistance area.....

2nd trade at NYO once price closed below resistance following a pullback bar that was then followed by a change of color (blue to red) bar.....TDI green crossing red, yellow and the 50 line.....lots of news.....set SL just above the blue double top just in case news went against my position.....set my TP at 200 pips just above the H1 200EMA.....stayed in the trade because no candles closed blue before TP hit, even though there was lots of up and down movement with the news announcements....if a candle had closed blue, I would have exited the trade.



Just closed my 2nd trade of the day on EJ.....1st trade taken on break of the 200 EMA and the 2nd on a change of candle color following a pull back from a double bottom.....done for the week.

Q: Was your 1st EURJPY trade made because breakdown of two double-bottom of previous two candles (apart from EMA 200)?

It was taken on a continuation of the trend of the previous candles and a break of the 200.....I was also monitoring the trade at LO because Fridays are a day when fake out candles happen at LO.....today it happened on EU but not EJ until after the move down.

Q: In back testing I found that Price Action often times when it reaches the 50 EMA following first or second candle after a TDI cross, often times PA breaks through the 50 EMA. Today when you took the trade after it reached the 200 EMA, I know we are in a down trend following yesterday big down move, but how can I take a trade when it reaches the 200 EMA, is it when it breaks below even though a candle is still forming and did not close yet bellow EMA 200?

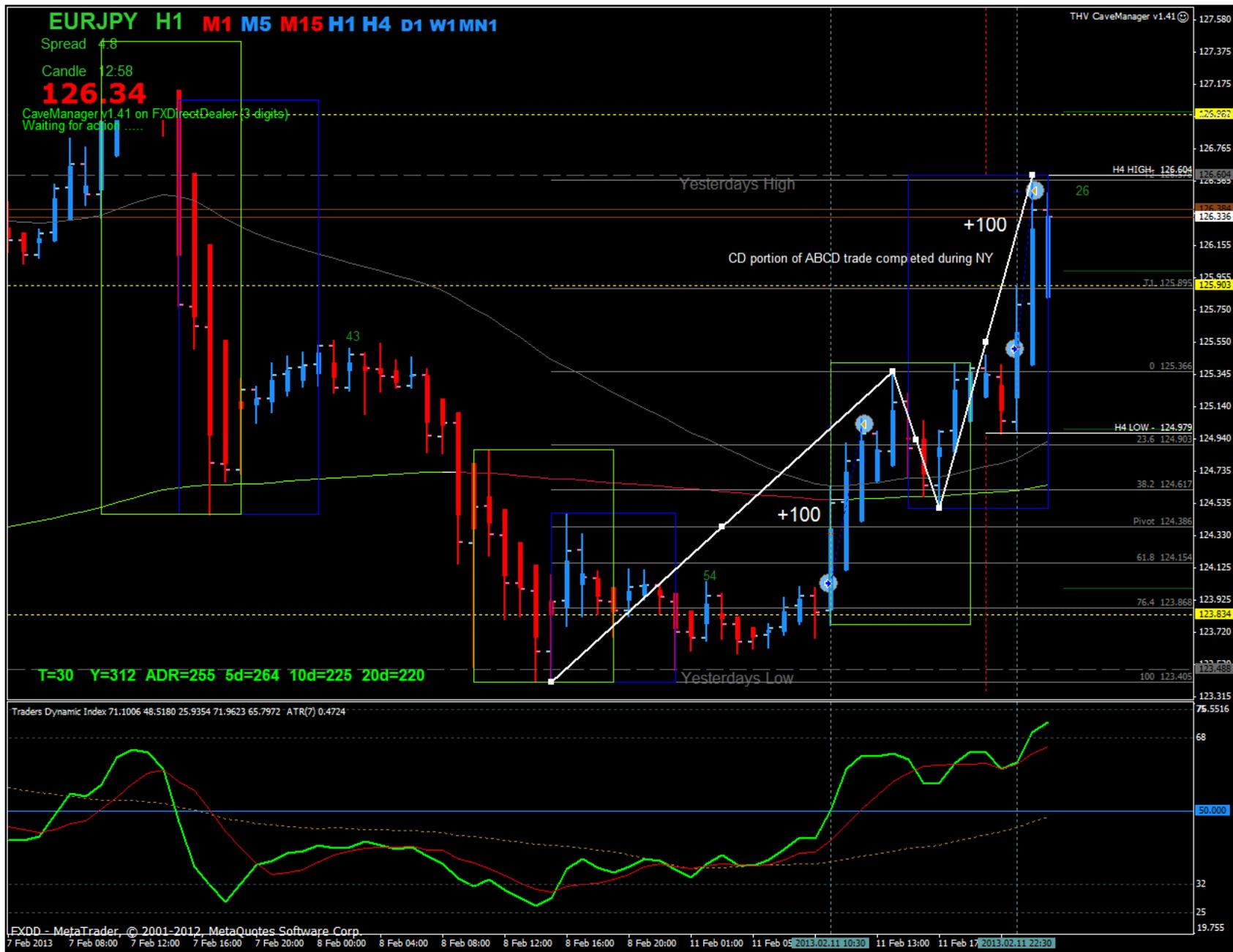
Time of day, market volume and candle patterns affect the decision to enter on a break of the EMA...if volume is low, then I would need a close below and usually a retest of the EMA to enter a trade.....in this case, the break occurred about half an hour before LO, so I knew there would be some price movement, the 1st red candle of the move was strong and had broken the Asian low, the next candle was an inside bar but when the entry candle broke below the 2 previous candles and then the EMA, I had enough to enter the trade.....

I took the same trade as you except I stayed with it longer.....I was aware of the 200H1 and 200M15 EMA, but price only hesitated for about 30 minutes and then broke through.....no candles on the H1 or the M15 changed color, so I stayed in until TP was hit.....

Q: There were 2 blue candles prior London Open , I think at Frankfurt Open, why those 2 bluish candles were not candidate for entry ? cause there was even a cross of TDI?

With the TDI, you can trade anytime there is a cross and confirmation....I choose to wait until LO most of the time because that is when market volume increases.....sometimes volume for the EJ will increase during the Asian session due to Japan news, so I will trade that session when there is news....but overall I trade the beginning of the London session until I get my pips.....





Completed the CD portion of ABCD trade during NY after retracing to the 38 fib.....CD leg=AB leg.....this time almost to the pip.....Market Harmonics is something every trader needs to learn!!!! It is a lot of fun watching price go where you expect it to go.....



Took 2 trades today.....1st trade....I should have paid attention to the LO blue pullback candle but I disregarded it and entered short on the second candle....my mistake.....price went 34 pips in my favor and then reversed....I was not at my computer and my EA was a little slow closing the trade....should have been a BE trade but the EA closed it at -9....in hindsight, entry long on the next candle would have netted 100 pips (but hindsight is 20/20 vision).....

2nd trade.....the 4th candle of the London session set the high and pulled back...the 5th candle (blue) did not retest the high and price also pulled back from that high....the entry candle (red) moved up but failed to break the high to the London session and when it moved down again and the TDI RSI price line (green) was crossing the trade signal line (red) and market base line (yellow), I entered for a quick 100 pips....if I had been monitoring the trade, I might have tried for 150 pips but once the trade was in profit by 25 pips, I went back to bed and left the EA to manage the trade.....

Q: Feb 11th (Monday) and Feb 12th (Tuesday) were one of these days that turn the world around. If I had traded them, I would have lost plenty of pips. I'd be very grateful, if you would comment and share your view on at least some of below analyses.



TUESDAY: Thursday and Friday are bearish days that created lower lows and higher lows. Friday's drop was quick and massive. Part of Monday is captured on the screen.

I. Then there is bar (1) (Frankfurt Open). Double top created an opportunity to go short and join the bears with the trend. Green should have crossed red if not at the beginning of (2), then after it went a bit south. To me this was a very valid entry that failed. What is wrong with my analysis here?

II. Nice buy opportunity. LO (2) candle tested low and reversed. Bounce off the red. London session created a low and reversed. Considering risk:reward 1:1, going long at the open of bar 3 would not grant profit until bar 6. Going long after breaking the top of bar 2 would end up with BE at best. Where would you enter that long and where would you place stop loss?

III. Bar (4) is a pullback-like bar, some might go short. I did not, since the market was already way too choppy. Though I bet that opening of bar (6) provided a decent cross of green below red. What is your interpretation of this PA?

WEDNESDAY: IV. LO (A) created a nice pullback bar. I remember that open of (B) provided hardly visible cross of green above red. The bar itself tested yesterday's low and reversed. Did not take this trade because of poor cross, red colour of bar (A) and a strong down movement of Asian session (I'd expect price to continue in the direction of that strong movement). What would you made confident to go long here. Would you join bulls at all? Bar (B) has is printed red by my Synergy Bars indi. Yours is blue.

V. I actually took short position here. Pullback bar (B) tested Asian high and reversed. There was also a healthy looking bounce green off the red at the beginning of bar (C). Situation of two consecutive pullback bars in opposite direction happens relatively often. How do you interpret that PA?

VI. What can I say... (D) and (E) rejected EMA200. (F) tested it once more and reversed. I would have gone short as soon as the low of bar (E) was broken. The cross at the beginning of bar (G) was clearly visible back then (bar (H) reprinted red). What is your view on this trade?

I. The Frankfurt session is seldom a good area to assess price action of the EU....there are way too many reversals and fake outs....Bar 1 gave no clear indication of direction....there were long wicks on both ends of that candle and at bar 2, green crossed over red and yellow indicating bias for a long trade. The only time I enter at LO is when there is a continuation of trend from the Asian/Frankfurt sessions.....so no entry on that bar.

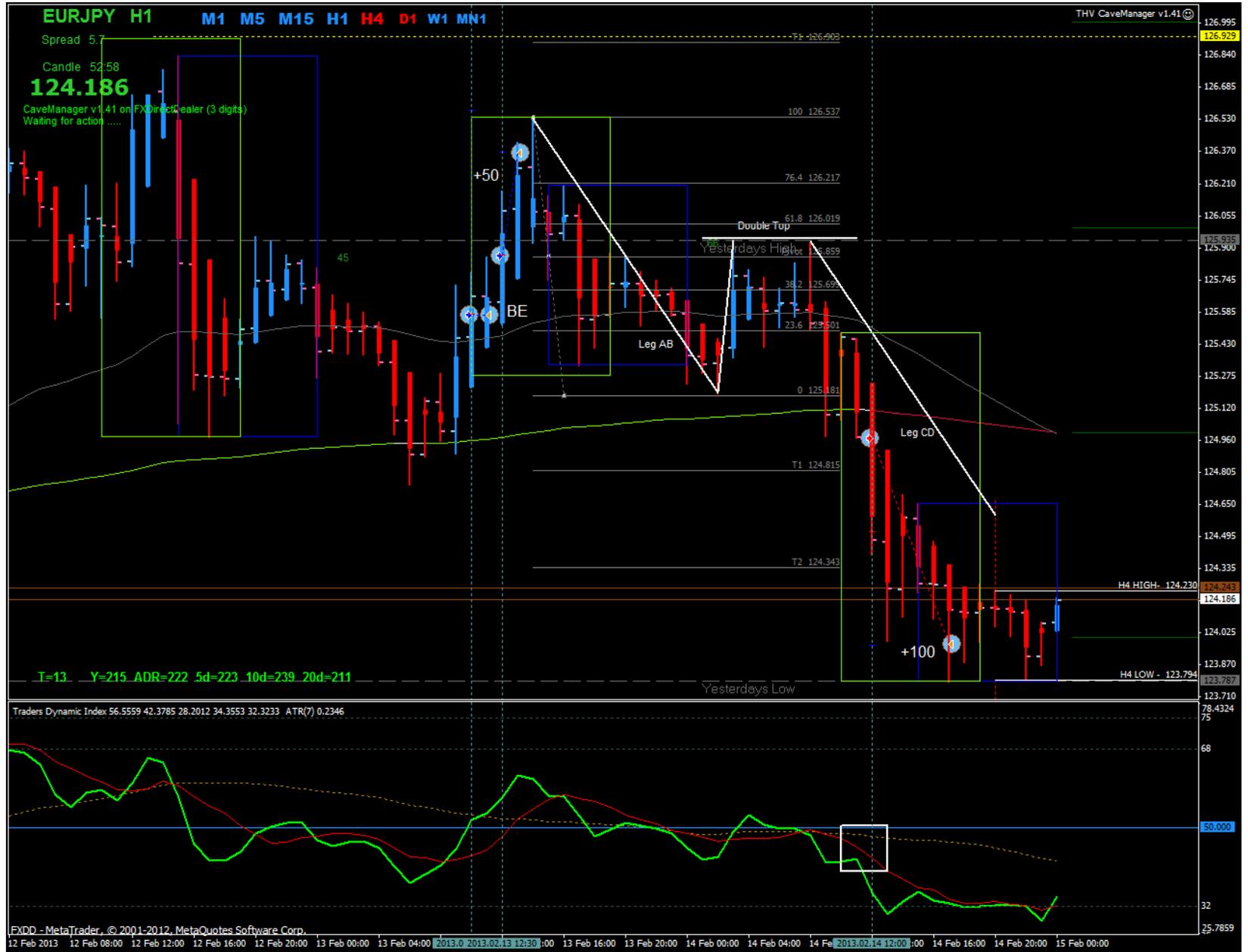
II. Your assessment of bar 2 is correct and I would have probably entered at the open of bar 3 and would have been stopped out at BE on bar 4. I enter all EU trades with a 40 or 50 pip SL and a 40 or 50 pip TP depending on the ADR at the time.

III. I would only be looking at long trades based on the TDI...the MBL is sloping up and green is over red BUT all the lines are hanging out around the 50 line....no clear entry there.....Bars 1, 2, 4, 5 & 6 all have wicks at both ends of the candles.....that tells you that there is no clear direction or trend.....the bears and the bulls are still battling to determine direction of price....

IV. The LO bar set the low of the London session.....you would have no way of knowing that until a couple more bars printed but by bar C it was evident that price would probably continue long for 3 to 8 candles.....so I would be looking for long trades.....MBL sloping up with green over red over yellow BUT the TDI is still hanging around the 50 line.....long bias but no entry on bars A or B.....once bar C changed color and the green TDI moved up sharply, I would have entered a trade once price crossed over the resistance line at 1.3393 or cleared the top of bar B.....my TP would have been at the 200EMA or daily resistance area around 1.3455.....

V. I never enter trades on the NYO bar.....I wait for the 2nd or 3rd candle depending on news.....again I would only be looking for long trades here based on the TDI and price action during the London session....I would expect price to retest the 200 EMA and might have entered on bar H, once price cleared the high of bar G....could have gotten 20 to 40 pips there based on whether you expected price to break through the 200 and resistance or be rejected by the 200 again.....

EJ H1 trades the last 2 days.....



Only 1 trade yesterday.....took a EU trade. 3 trades today....EU closed for +50.....GU closed for +100 and my AU trade is still open with 53 pips locked in.....all trades are H1 trades.



Q: What made you hold out for 50 pips after the price stalled and retraced to the 200 line on EUR/USD, Dee seemed to take this as a counter trade?

Yes, I do have some losing trades but I seldom let them run to my SL.....when I misread a setup and price goes against me within the first 20 pips or so of a trade, I will exit with a small loss.....some of my trades end at break even.....on the EU pair, when price reached +21 pips my EA will move the SL to BE if I am not monitoring the trade, so sometimes I get nothing on a trade but that is better than a loss.....as I learn to only take the best setups, my losses become less and less frequent.....

RE: Your question on the 50 pip trade today.....I was monitoring the trade and had moved my SL to BE.....there was no change in color of the candles (none that closed blue) so I did not exit on the pullback.....I expected the 200 to reject the retest and continue the downtrend.....if a H1 candle had closed blue, I would have exited with a small profit.....

Q: 2013.02.19 EU H1 trade: What made you confident to take that long? PA was awful that day. Was it because lack of downside movement after such bearish engulfing candle?

2013.03.20 EU H1 trade: Divergence and really nice sloping green TDI line. EMA200 was just under your entry price. Did you take the trade with a plan, that if the price will resist going below EMA you would close the trade at BE? Or was there something else behind that made you nearly sure it will drop?

2013.02.19 EU H1 trade:

That trade was just a standard TMS trade.....price had tested the 800EMA (for newbies....that is also the H4 200EMA) 8 or 9 times.....the NYO candle went long and broke the high of the previous red candle.....TDI green crossed over red and yellow and the 50 line indicating strong movement long.....once price broke thru the 800 and my stop was locked in to BE, I just rode it for 40 pips.....I only set the TP at 40 due to the location of the untested 200 EMA.....it did break through that one also but I was already out of the trade.

2013.03.20 EU H1 trade:

EMA's, S&R lines, fibs, divergence, indicators are all just tools in our trading toolbox.....one can never be 100% sure about where price will go.....so we analyse what we see and read the indicators and tools but PRICE ACTION is KING....I saw the London session opening with two candles with long wicks on both ends indicating indecision....I saw the entry candle turn red and pull below the previous candle.....I saw a strong move down on the TDI out of the overbought area with green below red and yellow and red about to cross yellow....I saw that 4 previous candles had failed to pull higher than the 1.3430 area telling me that the high of the London session and probably the day had already been set.....I saw the divergence you referred to.....all of those were enough for me to enter the trade.....I was also aware of the proximity of the 200EMA and the yellow resistance area but that was not enough to keep me out of the trade....I set my TP above the 800EMA and it was hit....and yes, I would have manually exited the trade at BE if it had pulled back....

Q: Would you recommend me- a novice trader- to pay attention to other pairs as well?

Yes, I would recommend that all novice traders concentrate on one pair until you have learned how price action operates with that pair....I spent years studying and demo trading the EU and over a year trading it live before looking at other pairs.....I since have taken the time to learn about the EJ and am working on the AU and GU pairs. A trader can make a very good living just trading one pair, once they learn to control their emotions and manage their money properly.....

Q: As far as I know, you do use fixed SL. On EU it used to be 50 pips, 40 in December. How do you calculate it? Is it some % value of ATR(14)?

My SL and TP are based on a percentage of the current Average Daily Range for the pair I am trading.....that is a part of my written trading plan.



The AU trade just hit the +100 TP.....a very good day.....



I almost didn't post my trades today because they seem to generate a lot of newbie questions by some who are new to trading or new to FF and seem to want all the answers handed to them without any effort on their part...however, there are some on this thread who are willing to study and learn and test.....this is for you....I don't post every trade I take nor do I post many losing trades.....I see no benefit to others in doing that.....my goal is to try to help those I can, those who are honestly interested in learning to trade forex, with information that has helped me become a profitable trader.....enough ranting.....

When there is a long move in one direction, like the one during the last two days, the market usually consolidates for a day or two.....also, with today being Friday, I expected the moves to be smaller. Based on that analysis, I decided to "scalp trade" the EJ on the M15 chart during the London session using the TDI and Stochastics (the stochastics were a part of the original TMS and CH methods...see threads started by Big E (eelfranz)). I haven't traded the pure M15 TMS system for a while and thought I would try it again.

There were five TDI crosses during the session.....I traded four of them with a 40 pip SL and 40 pip TP....I chose 40 pips on the first trade because that number put me right at the M15 200EMA.....when that worked out, I used those numbers on the rest of the trades.....the fifth one (marked with the letter "a") was not a good setup....the green crossed the red BUT both were far below the yellow MBL and the 50 line....also the stochastic line was still showing red indicating that would not be a good entry. Unless there is a good pullback, I usually wait to enter trades once price breaks the high or low of the previous candle. All four of the other trades reached the TP.....

EJ H1 today.....a really nice trade based on price action, TDI and helped by news.....I have the M15 and the H1 charts open on my computer when trading....I was watching price test the high of the London session and the high of the channel pointed out by Dee in post 10,408....price tested 3 times on the M15 chart, so when I got a good signal to enter short, I did so on a break of the low of the previous 2 M15 candles with a 50 pip SL and a 100 pip TP. The TDI had already crossed on the M15 and was about to cross on the H1....price fell like a rock and broke thru the H1 200EMA, the M15 200EMA, 2 daily resistance lines (the 1st daily resistance line slowed price a bit but the H1 did not close a blue candle....so I stayed in) and finally, even the H4 200EMA.....once price pulled thru the H1 200EMA I removed my TP.....I finally exited the trade at the bottom of the channel pointed out by Dee....price continued down for another 57 pips below the channel before reversing but I was already out with +325 pips.....that trade plus the 50 pip trade earlier in the day made for a nice start to the week.....

EDIT: not shown on charts below.....

Re-entered again short at 121.07 and currently have another 135 pips locked in and price is still moving down with no closed blue candles for an exit.....

EDIT2: trailing SL hit for +135.

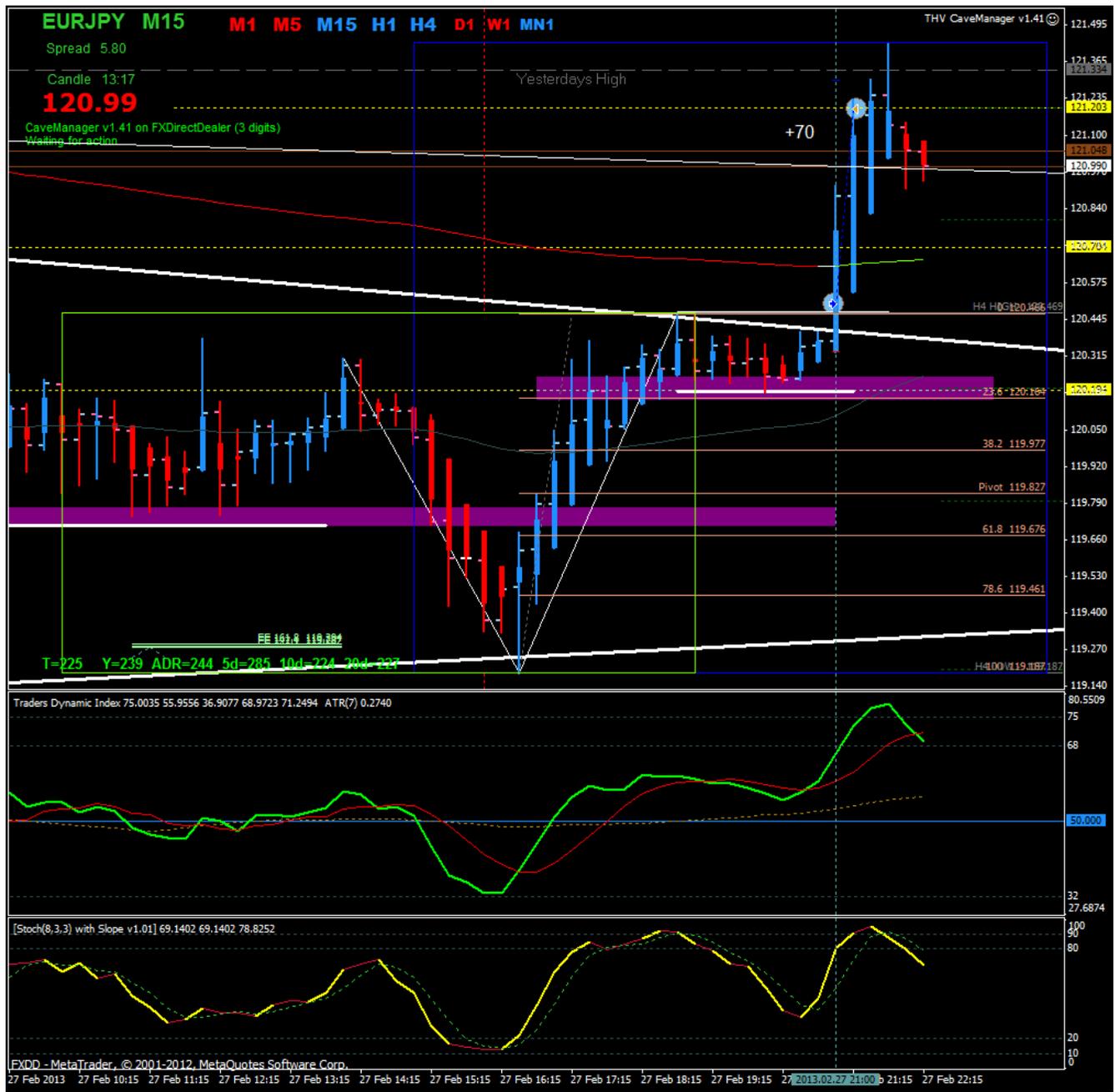




Two trades today.....the 1st taken at LO following a long pullback of the FO candle.....hit TP. The 2nd trade taken following a retest of the high of the day and a pullback on the entry candle.....the trade was taken based on price action (the pullback) and not a cross of the TDI....I did analyze TDI before entering the trade and saw the yellow MBL was sloping down and below the 50 line and the red and green were below the MBL, which confirmed my decision to enter short. Lots of volatility on this pair right now, so 100 or 150 pip TP's are not out of the question.....

For those of you trading the EJ.....there were a couple of good trades during NY.....I posted a H4 chart below showing the channel we have referred to several times over the past few days.....below that channel (that was broken yesterday), there is a flag (or pennant) developing. On the M15 chart I outlined the 2 trades I entered....they were both based on pullbacks from the top and bottom of that flag and TP's were set just inside those flag lines....both turned out to be good trades.....now I will begin to look for a breakout of the flag and another move following consolidation.....





Picked up +70 more pips on the flag breakout I mentioned in my last post.....TP set at daily resistance and the 121.20 RN.....the Euro pairs seem to like the .20 and .80 RN's.....

Q: How do you do to make such a perfect close of the trades? I've doing some trades (mostly on EUR/USD, 1h.) and entries were fine but the close always difficult for me (too many s/r, and noise).

On the 1st two trades of the day, I used the edges of the flag formation as my TP....on the last tradethe daily resistance line, the 121.20 Round Number (Euro pairs seem to stop at .20 and .80 round numbers) and the 161.8 fib extension were in confluence, so I used that area as my target.....price broke through that area but pulled right back without closing above the resistance area.....S/R levels and fib extensions are quite accurate for targets.....it just takes lots of study and backtesting to learn how they work.....

On other trades taken during the London session, I often use a standard 50 or 100 pip TP and adjust it as the trade progresses, based on price action, support and resistance areas like daily or H4 lines and/or EMA's. I also use the Average Daily range to determine my targets and I try to stay in a trade as long as there is no close of a candle in the opposite color after I am in a trade for 20 to 25 pips.....sometimes I am wrong but mostly this method is successful.....



Lots of price action on Wednesday...I entered trade 1 at LO and a cross of the TDI but it missed the 50 pip TP by 10 pips.....I let it pull back up and break the resistance area. Instead it was a fake out candle that ended with a BE trade.

Trade 2.....re-entered on a pullback because of the consolidation at 129.70....price could not break that area after 5 hours of testing it and TDI was still pointed down and crossing the MBL....entered with a 100 TP, which was hit.

Trade 3.....price retraced back to the fib 50 and reversed....once it pulled below the 200 EMA and the green TDI had bounced below the red, I re-entered with a 50 pip SL and 50 pip TP.....moved TP to 100 and SL to BE....TP hit.

Thursday....this trade was not a A+ trade.....if it had not been at LO, I would not have entered the trade.....the TDI was hovering around the 50 line but the green crossed over the yellow and the red lines, so I entered at the open of the 2nd candle of London....hit the 50 TP.

Friday....entered at LO on a continuation of price from the Asian session even though the TDI green was entering the overbought area....the green had great separation from the red and yellow.....I was also aware that price often continues the trend on Fridays during London without big pending news releaseshit the 50 pip TP.

Q: Just a question on your chart above, the profit in pips label +100, +50...are these drawn by the THV CaveManager? I am trying to code my script to show all my trades in pips profits the way like in your chart above.

No, unfortunately the CaveManager does not do any of this. I have to drag and drop the completed trades on the chart from the Account History tab in the Terminal.....that places the arrows on the chart. I then manually add the number of pips using the text module and add the vertical line for TDI reference. I then take a picture of every chart, save it by date and pair and place it in a journal so that I can study and review each trade for anything I could have done better or improve my performance.



EJ H1 trade taken about 30 minutes after LO, following a pullback of the LO candle (seen on the M15 chart). On the H1 chart TDI green was below the red and had crossed the yellow MBL and the red TSL was about to cross the MBL. The high of the London session was set by the LO candle.....moved SL to BE once price moved 50 pips in my favor.....I checked the H1 chart at the beginning of each hour until the trade hit TP....none of the H1 candles closed blue so I stayed in the trade....TP hit.

Q: Was your trade entry based on the 15 min chart? I entered on the H1 chart. It was a red bearish red candle and I entered about 30 min after it formed. It turned into a pullback candle later on. But the 15 min tf would probably show a strong bearish candle. Should I stick to H1 and disregard the 15 min? or use it at reference? Thank you Also, what does MBL and TSL stand for? (market base line?)

All my trades are taken and monitored on the H1 charts. On my trading screen I also have open a small M15 chart and a small H4 chart for reference but all my trades are entered and exited on the H1 chart. I sometimes look at the M15 chart to tell me of short term price changes that may be occurring and I use the H4 chart to see nearby S/R areas and price action on a larger time frame.....it just gives me an overall perspective of the market. In the case of the trade taken today, at LO, I saw on the M15 that the 1st candle went up and then pulled back, the next candle changed color and pulled back even more, so I entered on the H1. You are correct, price did pull back long an hour or so after entry but none of the H1 candles closed blue, so I stayed in the trade. If a candle had closed blue and price had gone against me by 15 or 20 pips, I would have exited the trade and looked for a better entry. Instead, price consolidated for a couple of hours and then moved down to hit my TP.

The lines on the TDI on my chart are as follows: the green is the RSI Price Line, the red is the Trading Signal Line and the yellow is the Market Base Line. Each of those lines gives me different clues about price.



Three EJ H1 trades today.

Q: Phx62, as usual, you are TMS pips harvester. Let me guess, all trades taken just on TDI cross....right? Thanks for sharing these trades, and for those H1 traders, here is your maestro to learn H1 trading from.

TDI confirmed my analysis to enter each trade but price action, S/R and pullbacks were the actual basis for the trades.

Trade 1 was an Asian Session trade. Price tested the high of the Asian session for 3 hours, then moved down. When it broke below the low of the previous 8 hours, I entered a trade and set my TP at the 200 EMA. TDI confirmed the entry.

Trade 2 was taken after a long pullback from the LO candle...once it broke below the 200EMA, I opened the

trade. The TDI green had not yet crossed over the red line but both were pointing down.

Trade 3 was taken on a break of high the last red candle and a cross of the TDI.

Here are my trades for the week....I did not trade today because of some pressing business matters....still a good week.



Q: I see that you follow H4 and Daily trend and take trades in H1 TF, when TDI gives signals. Is that correct ?

No, when I trade the H1 time frame, I take all my trades based on what I see on that time frame. I do have some S/R lines from the daily time frame and last H4 and Daily high and low lines on my chart but I do not follow the H4 or Daily trends to determine H1 entries.

Q: Hope you would help:

- Saw you moved from EU to EJ, is it because EU is ranging more often than EJ?

- *Do you have an extra H1 chart with Japanese candle, instead of ABP, when making an entry?*
- *If there is H1 candle break out, let say... break out of triple bottoms or ranging candles, but on the left there is a support/resistance opposite of this break out. What would you recommend?*
- *On H1, how do you wait for the entry? Do you check every hour when the candle's closed/open, or every 15mins, or do you stay in front of the chart all the time, or buy/sell stops? I usually stay in front of the chart and it's really tired. If I don't, I usually miss the entry when candle breaks out/decide its direction. Do you have any tip?*

1. I pick the pair I am going to trade for the day based on the Average Daily Range of the pair, by news that may be scheduled and by any trends that may be occurring. For the past several months, EJ has been much more volatile than EU, so I mostly trade that pair. I occasionally will trade GU, EU or AU.

2. I only use the APB candles but have the Japanese candles overlayed so I can see open and close of the candles (see the little ticks on the sides of the candles on my chart). In the toolbars at the top of your chart, there is one named "charts". On that line, there are 3 squares named "bar chart", "candlesticks" and "line chart". Make sure the "bar chart" square is checked to see the open and close ticks on the side of the APB bars.

3. Over time, I have learned that certain candle patterns and trending moves will blow right past S/R. If I enter on one of those patterns or a news release moves the market, I expect price to move past the S/R lines.....sometimes price may slow down or consolidate a bit but usually, price will move on through those areas following the consolidation. Unless I see a definite reversal signal, I expect price to continue in the direction it started.

4. I check the charts at the top of every hour when waiting for a trade set-up. I normally enter at the beginning of a new candle but if I am unsure the direction the candle is going to take, I sometimes wait for it to clear the high or low of the previous candle before entering. The rules of TMS are to take the trade at the beginning of the first or second candle. Why sit and wait for an hour watching price move up and down? You should not be entering a trade anyway until the beginning of a new candle. If you take that break from the computer for a little while and do something else (even take a nap), you take your mind off trading and come back more refreshed and ready to trade.



Four trades so far this week. This really is Trading Made Simple!!!

Q: I actually wanted to make similar trades as you for today's session. But fear kept me out of the market. The second trade you took on Monday session was the only trade I took. Did you take the trade because there was a double bottom for support and the third strong apb candle confirmed a reversal? For today's session: I entered short at a similar price as yours but closed before I could let the trade run. Did you short because of a breakout of the previous two candles (confirmation with tdi) for the second trade

The 2nd trade on Monday was a continuation trade, based on movement during the Asian session and continuing into the London session. This price action

happens fairly often on the first day of the trading week. There was a long wick on the next to the last red candle 6 hours before the LO (the candle where trade 1 was closed), followed by a red inside bar confirming a reversal candle pattern. That indicated to me that the uptrend would probably continue into London, so when I opened my platform at LO, I entered a long trade immediately.

To answer your question, Yes.....Today, the 1st trade was taken on a break of the low of the LO candle which had also created a double bottom with the low of the Frankfurt candle. Once price broke below that double bottom, I was in and once price moved about 15 or 20 pips, I went back to bed. The 50 pip TP was hit.

And again, in answer to your question, Yes....I took the 2nd trade today based on the pullback reversal candle pattern that set the low of the London session....again a long pullback wick followed by a red inside bar and confirmation of the TDI at the open of the 1st blue candle. Price pulled down following the open of that candle, so I waited for price to pull back above the open of that candle before entering. I had to leave for work so I closed the trade for 65 pips. And yes, I always consider the highs and lows of each time frame when trading.



Two losing trades for me today.....it has been a long time since I've had two losers in one day but THAT'S TRADING!! I am still in profit for the week and the month and the year....no worries....on to the next trade.....

Trade 1.....entered on a continuation of the late Asian session PA on the LO candle....not really a good setup but I had been successful on the three previous days with continuation trades....turned out to be a LO fake-out move.....should have waited for a better set-up....price moved 20 pips in my favor and pulled back....exited manually at -17 (if price had moved 3 more pips in my favor, my EA would have kicked in and stopped me out at BE).

Trade 2....entered long on a good setup (pullback of LO candle, break above previous candle and TDI green crossed over red and about to cross yellow and the 50 line)....went

back to bed....woke up to find that news had caused a spike down and taken out my stop and then moved back above my entry for 180 pips in my favor.

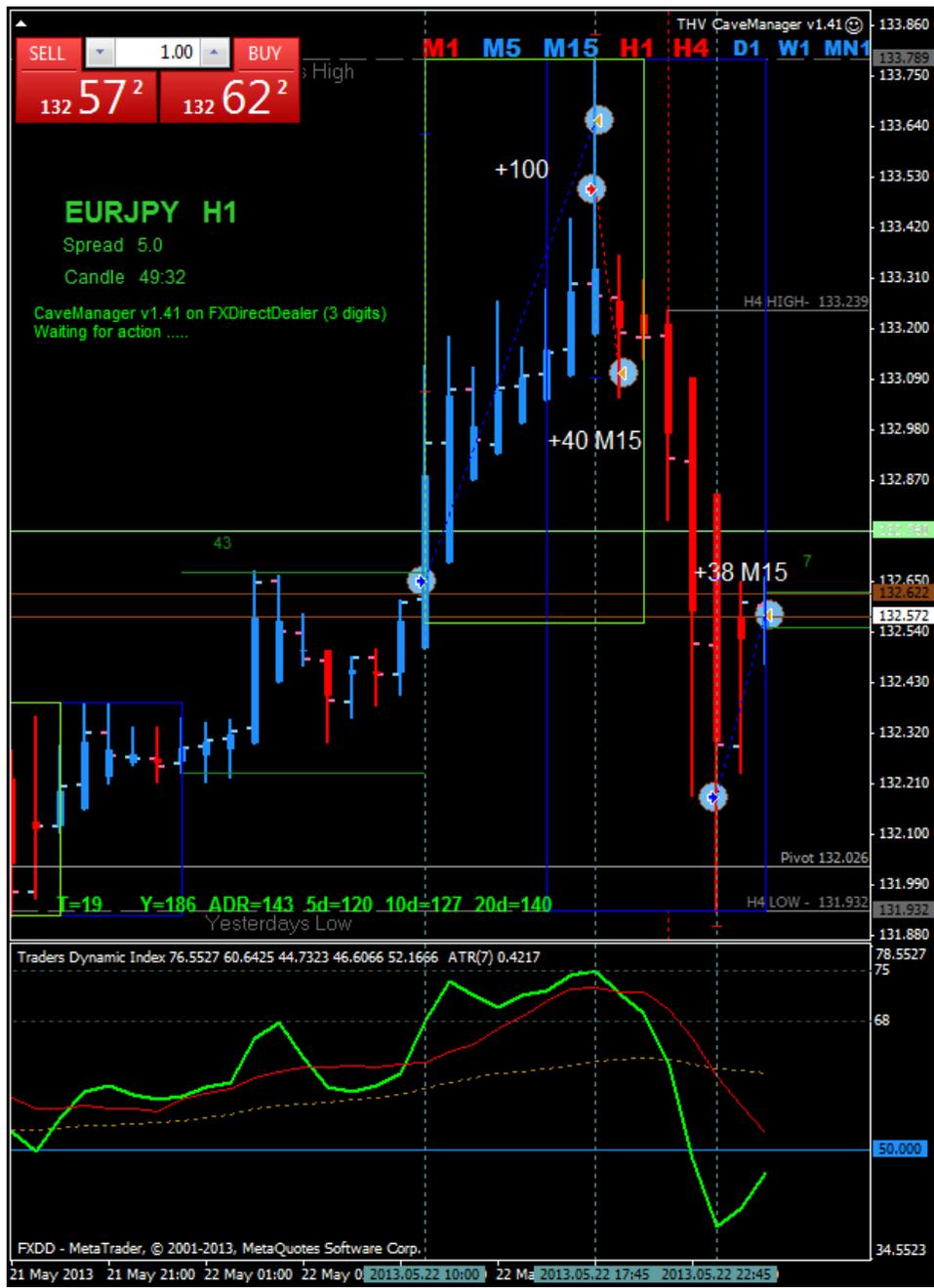
As I review recent posts in this thread, I find many charts with a multitude of multicolored lines, arrows and indicators on them and many comments about how unsure the traders are to enter trades. There are always reasons NOT to take a trade and one can always find reasons to take a trade. It appears that many thread participants have "analysis paralysis" in making decisions about whether or not to enter. In my opinion, much of the SIMPLE has been recently overlooked on this thread.....Big E reiterated over and over that trading must be kept simple.....thus the name of this thread.

Due to an overall ranging market, I decided to scalp a few pips during the Asian session on the AU. That trade netted 50 pips and reversed, giving an entry signal long, so I entered.....and again.....and again.....and again. I didn't have to check the Monthly, Weekly or any other chart to enter. I did have a H1 chart open next to my M15 trading chart, showing S/R lines, etc. The 200 EMA was also a concern but I entered anyway and monitored the trades to see if they would break through that EMA. Price action and TDI crosses coming out of overbought or oversold areas were all I needed to net 210 pips for the day. Was I lucky? To a certain extent....yes. Was I prepared to exit the trades if they reversed.....absolutely. I would have taken whatever the market was willing to give up. I am not recommending that anyone without some trading experience, trade the M15 charts but if you look back at where Big E started....he traded the 15 minute charts and even started the Craig Harris thread about trading M15. He then graduated to the H1 and finally to the H4 because he did not want to stay up all night at his age and monitor trades. If you look back at his posts, he kept his charts simple and his trading simple. I, for one, think we would all be better off by simplifying our charts and doing the same.

Q: What made you decide to trade the AU? I looked at the atr for it and it was only about 20 pips. id you enter in 15min because market was ranging recently? inspiring as usual.

As I stated.....the market was ranging and if I am going to scalp trade, I look for pairs that don't have a lot of candles with wicks at both ends.....the AU met that criteria.....as far as SL and TP, I have my EA set up to automatically place a 50 pip SL and 50 pip TP, then I adjust from there. I did move my SL to just above/below the pullback bars but left my TP at 50. It probably should have been 40 based on 2 times the ATR but I was monitoring every 15 minutes or so and could have exited on a strong pullback.





Three EJ trades today....the first was an H1 trade taken at LO. The other two were M15 trades taken following pullback bar patterns with TDI green crossing over red (and yellow on the first M15 trade) and both leaving the overbought/oversold areas. The second M15 trade was running out of steam, so I exited manually.



Q: In your previous post "the second M15 trade was running out of steam, so I exited manually", how you know the trade was running out of steam?

The candle I exited on did not break the high of the previous candle and was pulling back and more importantly, the NY session was ending and there is normally very little volume following that close.



Took 1 trade today on the AU H1 at LO.....price reversed following a pullback/pinbar reversal pattern from the Frankfurt session candle and the next candle turned blue and the TDI green crossed over red and was moving out of the oversold area.....good for an easy 100 pips.



.....the best trades happen when the TDI is moving out of overbought or oversold areas and price makes a pullback/pinbar candle pattern with the green crossing over red. I seldom use the 50 line for anything except to show price consolidating or ranging for a period of time. I do look at going long when the TDI is above the 50 and or short when the TDI is below the 50 except when moving out of overbought/oversold but that is not a hard and fast rule in my trading plan.

EJ H1 trade taken following a double bottom@ the H4 low followed by a break of Friday's London session high.....an easy 50 pips and if I was monitoring, who know how many pips could be gathered. 50 pip TP taken at the 200 EMA. Trade was based on price action with TDI green and red both breaking above the 50 line.

Attached are my trades for the week....traded 2 pairs....EJ H1 and AU H1.....most trades taken on price action (double tops or bottoms or pullback reversal patterns) with TDI confirmation. Most trades were taken during the early hours of London but there were a couple of Asian sessions trades. I have read some posts this week about some of you who had trouble finding trades to take. Price Action is the king and when you learn to read Price Action, with confirmation from the TDI, you will find plenty of trades....





Q: When reading PA what are you looking for apart from Double Tops/Double Bottoms/Hanging Man/Hammer/Inside Bar..do you look for or know any others that I should also look for? Do you look at Bullish/Bearish Engulfing?

When reading Price Action, I look for all of the patterns you mentioned, including BEEB and BUEB. My favorite pattern is the ones I circled on the last chart I posted....the pullback reversal candle pattern with the TDI moving out of overbought or oversold areas and taken during times when market volume is high....like LO or the overlap of London & NY sessions.

Q: I noticed on the last chart you posted (post #20159) that you are now trading, in addition to E/U, the E/J and A/U pairs. Have you dedicated an inordinate number of hours studying the PA behavior of these pairs as you did E/U? Is it possible, because of your experience, you have honed your trading skills to the point that you may look at any currency pair during the LO and trade the right PA supported by the TDI cross?

Yes....I have dedicated many hours of back-testing and forward-testing to learn the behavior of these three pairs....in some ways they are similar but they each have unique properties. When deciding which pair to trade, I consider this information along with looking for the highest ADR for each pair and looking at the candles of each pair....if one has fewer or no wicks on both ends, I try to trade that pair. Also, AU and some EJ can be traded during the Asian session, depending on news releases, S/R areas, and if the ADR is above 115 or 120 for the pair. I also look for occasional scalps during the Asian. As I have stated before, my prime trading time is the first 3 hours of London.....that is when there is usually the most volume, the bigger moves and the most pips to gather.....and I still look for the high or low of the day to be set during the first few hours of London, followed by a reversal that sometimes will continue for 7 or 8 hours. If all that fails, I look at NY after the first hour is over (no much whipsaw during the first hour).

Q: When you refer to the pullback reversal candle pattern, are you only talking about 1 pullback candle or do you mean the pullback candle followed by a doji? I also noticed that several of the pullback candle patterns you posted were inside bar formations as well, is that part of the pattern as well?

In my opinion, a Pullback Candle Pattern includes three or four candles, usually the candle before the pullback candle and the one or two candles after the pullback candle. To qualify, the candle before the pullback candle and the one following must have a HL than the pullback candle and at least the first candle must also have a HH (when price has been moving down and is reversing to an uptrend). The longer the wick on the pullback candle, usually the better reversal. The third or fourth candle must also make a HH over the pullback bar. As you pointed out, the third candle can be an inside bar.....you just need to do some study and testing.....these setups are very profitable when pulling out of an overbought or oversold area on the TDI (and of course a cross of the TDI and a change of color of the third or fourth candle in the pattern).

With the Non-Farm payroll release coming tomorrow, I am done for the week. I traded the AU H1 pair this week with good results. The pair began a downtrend on Tuesday, so most of the trades were short. Entries made based on PA, double tops or bottoms and pullback candle reversals (marked on the charts) with TDI confirmation. I did trade some of the Asian sessions because the AU had some volatility this week (ADR 140). I have also been experimenting with scalping the AU on the M15 chart on a demo account this week, with mixed results.



Q: How does volatility indicator influence your trading ? Do you trade only the pair with the highest ADR ?

I look at a number of factors when determining which pair to trade including the ADR. To support the type of trades I make with 50 pip TP, the pair must have a recent ADR above 110 or 120 and the Asian session must do at least 40 of those pips. I also consider whether a pair is trending or showing signs of a reversal on higher time frames, whether there are lots of APB candles with wicks on one end only or are there wicks on both ends, what news may be scheduled, how much support or resistance are close to the current price and a few other things.

Q: I am using too 15+5 min to scalp but guided by 1hr+4hr this is the base please could you please share your set for trading manger expert or cave manager!

I only use a couple of the options on the CaveManager EA.....I use it to set my initial 50 pip TP and 50 pip emergency SL when I enter a trade.....I usually also set the No Loss after Pips to 21 when I am not going to be able to monitor the trade once it gets to the 21 pips.....and occasionally I will use the Trail By Candle on the H1 to trail behind candle HL by 5 pips and that is set to activate after 16 pips. I have tested other uses offered but have not found most of them to my liking.

Q: It's been said that on 1h chart, PA is king. True that counter trend is usually not a friend and from yesterday the bias is down. However, what I'm trying to do here is to show that sometimes counter trend is worth it, especially when it has minimal risk....

When price moves more than 60 or so pips in one direction, it will seldom reverse without several candles of consolidation.....there are three examples that I marked on the chart with white rectangles to illustrate. In the rectangles, there are 7 to 10 candles in a row that are consolidating (14 to 25 pips in difference between the highs of all of those candles) and then, finally you get a reversal. In all three examples, a pullback candle reversal pattern occurred during the consolidation. I consider those consolidation candles to be the same as a pullback candle reversal pattern (usually only 3 candles) and you can usually expect price to move at least 50 pips following the reversal. The three moves following the consolidations went for 106 pips, 190 pips and the third one didn't go far due to end of the week. Also, note the consolidation in the TDI indicator box. There is a perfect example of a pullback candle formation at LO (the 1st vertical green line).

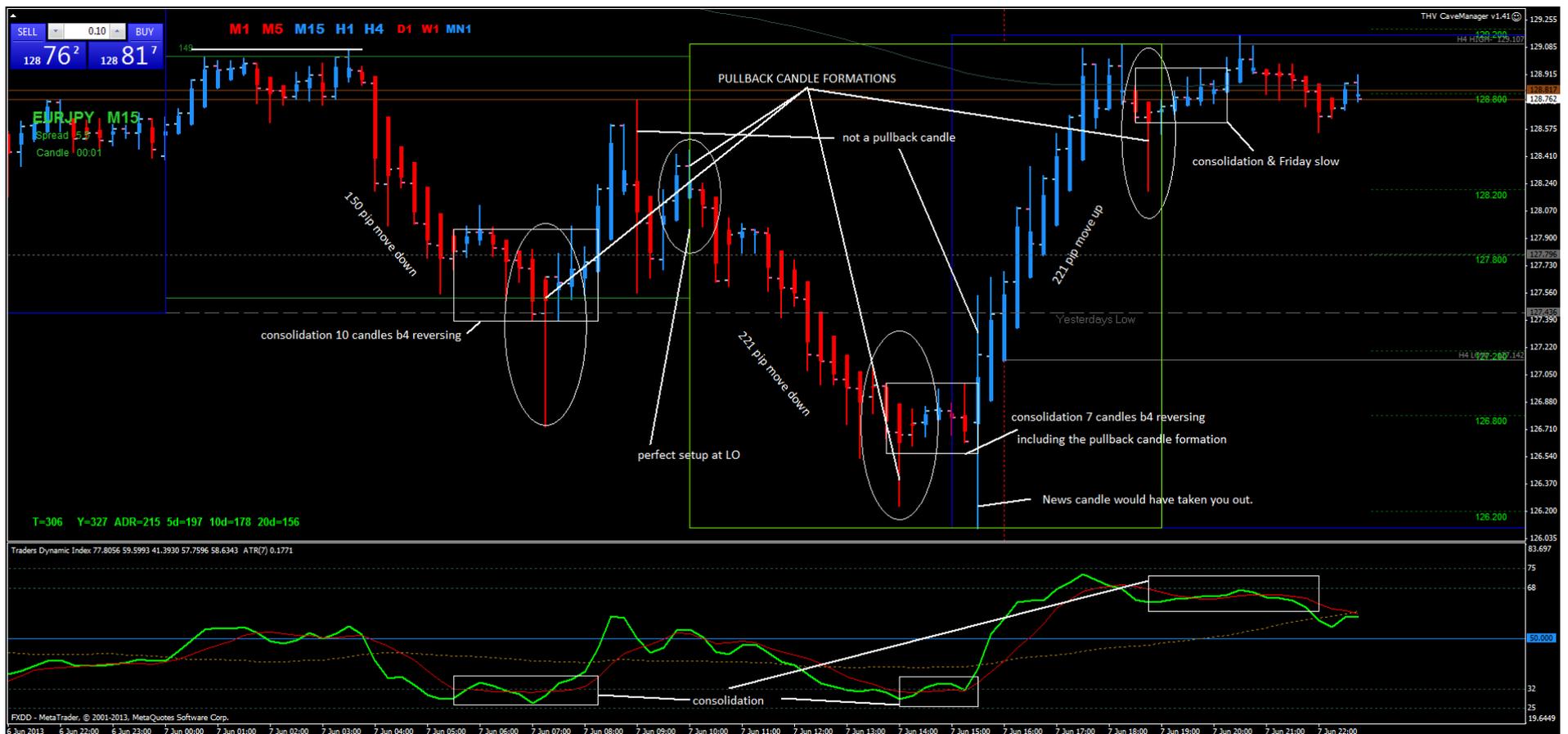
If you recall, Big E stated that he expected every change of direction (confirmed by TDI) to move 3 to 8 candles before reversing again. Once one of these reversals takes place, you can expect 3 to 8 candles in that direction.....sometimes more (see the second circle on the chart).

“Pullback candle reversal pattern”, is a name that I coined during hours of backtesting and studying charts. Some call the pullback candle a pinbar or hammer or other things. Four of them are marked on the chart with white circles. A pullback candle pattern consists of 3 or 4 candles that meet certain criteria. The pattern consists of the pullback candle, the candle previous to the pullback candle and the candle or two following the pullback candle. Using the examples in the chart, the low of the third candle (the candle following the pullback candle) should create a HL compared to the pullback candle and a HH compared to

the pullback candle on that or the following candle, showing that a reversal is occurring (reversing short to long trend). The candle following the pullback candle, or the next candle should change colors to complete the pattern. An aggressive entry may be made once the following candle clears the pullback candle. A conservative entry would be on the open of the second candle following a change in candle color. On the LO reversal, price made a LH on the Frankfurt session candle, then a HH and a pullback on the pullback candle, then the next candle made a LH and changed color. Aggressive entry would have been right after the candle turned red....conservative entry would be the open of the 2nd red candle.

The wick on a pullback candle must be at least 1/2 of the total size of that candle and only have a wick on one end. An even longer wick is preferred.

In each of these cases, before taking the trade it is important to look left to see what support or resistance may affect your trade. Big E taught that, as well. It does not mean that you have to exit the trade because you get a change in candle color but you need to be aware of S/R areas (example....dotted gray line at 127.80) that affected the LO trade.



Q: Can you tell to us why two candle you pointed out is not a pullback candle?

As I stated above: "The wick on a pullback candle must be at least ½ of the total size of that candle and only have a wick on one end. An even longer wick is preferred."

Candles that have wicks at both ends indicate that the bulls and the bears are still battling and a trend or price move is not yet determined.....will price reverse or will it continue the original direction? Until the battle ends, there is no way of knowing. Candles with wicks at both ends are really just long consolidation candles.

There are a couple more things I need to add concerning Pullback Candle Reversal Patterns.....

1. A VALID PCRП MUST BE ACCOMPANIED BY A CROSS OF THE TDI.
2. THESE PATTERNS CAN OCCUR ON ANY TIME FRAME AND WHEN THEY OCCUR ON H1 OR H4, THEY USUALLY CREATE LONG MOVES.
3. THE BEST PCRП'S ARE THE ONES MOVING OUT OF OVERBOUGHT OR OVERSOLD AREAS OF THE TDI.





I traded EJ H1 live for 100 pips also.....a break of the Friday high and a bounce of the TDI for 50 and a break above the LO first hour candle and another bounce of the TDI for 50 more.

Q: I use a different broker and therefore probably have a slightly different value of my 200 ema, but from your chart today it appears you entered your trade #2 just below your 200ema. Would you please explain your reasoning for not waiting to enter at a slightly higher price?

I have found that the 200 EMA is really just another S/R line and sometimes it holds and sometimes it does not. Price tested the 200 on Thursday and was rejected. I tested again right after completion of the 1st trade today and was rejected again, and then it retraced for 3 candles and tried to push through again. The 3rd or 4th tries usually at least break through. I entered right on the line and monitored the trade closely. I watched the M15 to see if there would be any sign of a reversal. There was no hesitation.....price moved right on up for an hour. I left it to run and hit the 50 pip TP as a BE trade. In fact, even on the M15 time frame, none of the candles closed red (that would be a flag that price might reverse). As I have stated before, I keep the H1 and M15 charts open on my screen. I use the H1 for trade decisions and seldom enter or exit on the M15. I do watch the M15 to see what might be coming.



Three great opportunities to trade today....

EJ H1....price ran down after entry for less than 1 hour and 20 minutes.....missed my TP by 3 pips....manually closed for 178 pips. Trade was taken on a break below the 200 EMA on the 2nd candle after LO and a bounce of the TDI. TDI green and red were both below the 50 line and the yellow was also pointing down. Price moved relatively quickly with little retracement so I adjusted my TP 3 times to 200 pips which almost got hit.

AU H1.....pullback bar toward the end of the NY session.....consolidation for 3 candles then a break below the low.....entered for +50. 2nd trade was a continuation trade from the Asian session....again entered on a break of the low for 50 more.....sharp angle on the TDI green and red confirmed entries.



Q: Like tonight when EJ moved strongly, there is a time when within an hour the price move 50-70 pips in 1 direction. This case happen to me tonight where I have SL at BE with 60pips in unrealized profit, when it suddenly moved up to 120-130 in unrealized profit. What would be better solution to keep some of those pips safe in pocket but still let the trade enough room to breathe? I know that we can use trailing stop or just manually increased SL. But to what point?

When I monitor the trade and price has move 20 pips or so, I drag the SL to the top of the current candle + the spread. I have never had a trade that is moving well (like the ones today) come back and hit my SL. Personally, I won't let a trade retrace more than 20 pips against me without exiting. Protect your profit where you can.

I also will sometimes close a portion of the trade if it looks like it is going to reverse on me and let the rest run or hit the SL (which is usually in profit already).

*Q: I am a little bit confused about the pullback candle you mentioned in the AU h1. I couldn't find where it was. Are you referring to the Dojis and hammers prior to your First entry? Also for the eur.jpy trade, I made that trade as well (break of daily low and 200. But I noticed there were several candles that tested the break of 200ema. What made you decide to enter on that particular candle? Thank you * Sorry about that. I got the order you described the trades for the AUD.USD mixed up Does that mean even...*

Q1....I entered on candle 2 of the London session because it appeared to me that the high of the London session was set by the first candle and price would probably move down from there. Price had bounced off the weekly high (yellow line) during the Asian session and appeared to be starting a downtrend. The first candle of London moved down and then pulled back but once it closed lower than the open of the LO candle and moved below the 200, I entered.

Q2....You are correct, the candle I called a pullback candle really did not qualify.....I was referring to the first red candle following the move up during NY.....it had wicks on both ends but when combined with the next 3 consolidation candles.....and a break below them, I took the trade.....not an A+++ trade but it worked out.



Q: Any advice appreciated Entered on a pullback which formed a daily high as well. Did not wait for TDI confirmation however.

One thing to remember, as good as the TDI indicator is, it still is a lagging indicator.....it will not always complete the cross on the H1 but if green and sometimes red are pointing in the right direction and near a cross then check out the M15, then enter.

Two EJ trades today for me....the second one you also took.

Q: For the first trade you entered. I wanted to enter because there was a double bottom formation with dojis. When you made your entry, did that pattern have any weight in your decision or was it because PA broke Daily high at LO?

Entry was just based on a continuation move of the Asian session uptrend....once the candle opened and began to move up also, I entered....purely price action. As I have stated before, I keep the M15 open alongside the H1. The TDI green was crossing over the red and had already crossed over the yellow on the M15 when I took the trade.

Q: I live in CST, and my alarm is set for 1:50 am each day. This really isn't an issue, as I normally get ready for work and leave the house shortly after 3. I wait for the 1st EU candle to open at the LO. I have lines above and below the Asian/Frankfurt range. I also take into consideration yesterday's high/low, weekly S/R, PA momentum, and TDI crossing. (I also utilize the Caveman EA in my trading). The fact is, I only get one opportunity for a trade setup each day, and that is at the LO. I have read both of your PDF's twice, and you have mentioned more than once that you have studied the 15M charts, and often refer to them for entries on the 1H, or you scalp the 15M at any session. Based on my circumstances, can you recommend how to trade the 15M charts at the LO. This would allow me to have more than one shot at a trade setup before I leave for work.

I understand your circumstance completely, having done much the same thing for years. Let me caution you that trading the M15 is quite tricky because of the number of whipsaws. Unless I am just scalping for 10 or 20 pips, I don't trade the M15 much (I still try it occasionally on demo). In my opinion, the best use for the M15 (unless you are only looking for 10 to 20 pips) is to confirm a reversal on the H1 by looking at the TDI on the M15.

I don't know if you are aware but Big E (eelfranz) started a thread here <http://www.forexfactory.com/showthread.php?t=211188> on trading the M15 before starting the Trading Made Simple thread. Craig Harris seems to be very successful trading that time frame. You can check that out to learn more about trading the M15.

Q: Why have a 50 pip SL loss if you never intend it to get hit? why not have a lower one so your value per pip can be higher.... also how do you decide when price has gone against too much and exit manually or move SL.

For me, the SL is just an EMERGENCY SL.....in case my computer crashes or I lose power or I fall asleep.....it just prevents me from losing a lot of money in an emergency.

How do I decide where to move the SL or exit manually? Those decisions are based on many, many hours of study, back-testing and experience. Many factors enter into the decision to move or exit trades....current price action, which pair and time frame, tendencies of that pair, time of day, market volume, candle patterns forming, pending news releases, etc.. Once a trade moves 21 pips in my favor, my EA moves my SL to BE and I let the trade run.

Big E sometimes exited trades when they moved against him 5 to 10 pips.....I seldom let a trade move against me more than 20 pips on H1....less on M15. Every trader has their own way....some set TP and SL and walk away from the computer until one or the other is hit.....others use R values....everyone has to determine what works for them.....



Only 2 trades for me today....1 for +40 & 1 for BE. I am attaching 3 charts.

The EU gave a perfect entry at LO....due to low ADR, I only targeted 40 pips....as you can see, price gave up double that amount.

The EJ entry was a continuation trade based on the downtrend during the Asian session. Price moved 42 pips after entry but did not hit my TP. EA stopped me out at BE. This entry was not a good entry, no TDI cross, no pullback candle formation, just a shot in the dark that failed. I am fully aware that when a pair makes a big move during the Asian session, it usually ranges during the London session....I was just hoping for 50 pips before it began ranging.

There was no entry at LO on the AU...the pullback candle from Frankfurt looked like a set up for a reversal but the formation did not complete and price did not reverse. AU continued up for over 100 pips but I do not chase trades (I sometimes will enter on continuation trades right at LO but that is the only time I do that. As you can see on the EJ trade today, that did not work out either).





Another quick 100 pips this afternoon on a bounce of the green RSI price line off the red Trade Signal line and a cross of the RSI over the yellow Market Base line. Entry was made after price also broke back above the low of last week (solid light yellow line on chart) after breaking down through it earlier this morning. A very easy trade with very little pullback (not even any closed red candles on M15).

Q: I was actually wondering whether I should take this trade or not and decided not to. Missed opportunity there. My rationale was that market session is ending and I didn't want to overtrade. Would this be a correct justification?

I actually had the same thoughts but because the London session had been so indecisive on direction (bears and bulls in a battle) and the TDI cross moved green over red and yellow, I took a chance, expecting 20 or 30 pips at least but price just kept moving up so I stayed in it. Price also had just broken back above last weeks low, which added to my decision to enter.

Q: I still don't have confidence entering new trade in NY session. It ranges most times, add in the fact that the pair moved already in Asian session. Specially since the 1st blue candle closed is lower than the bear candle closed and also the long wick on that bull candle (about 30 pips retrace?)

When I was developing my trade plan and refining how I wanted to trade, I discovered that I was able to enter more trades with confidence and make better decisions when I focused on reasons TO enter a trade, instead of reasons NOT TO enter a trade. I know it sounds like a very small thing but I certainly helped me. Based on this, I ended up building a trade plan where all my decisions are now based on 'IF....THEN....' scenarios.....(If this happens, then I do this.....If I see this pattern, then I do this.....etc.). When I get enough of those reasons to line up, I enter. We all think differently, so this may not work for anyone else but me....but it does work for me.



Took a couple of EJ trades following the market open because of the big ADR's from last week. Both trades entered with a 40TP & 40SL because it was the Asian session.

Also took one AU trade that just completed...based on the break below the session low at the time and the TDI green crossing the 50 line and TDI red crossing the yellow in a TDI downtrend. I did not take this trade at LO following the pullback candle because there was no separation of the TDI lines and the other pairs I watch seemed to be ranging.

Q: Asides from the volatility last week, what other criteria did you look at for the Europe joy trades? I can't identify the price action. Does it have anything to do with breakout?

When the ADR has been up during the previous week on JPY or AU pairs and there is little pending news, I have found that many times price will trend following market open after the weekend. Nothing more than that.

Q: AU: BE Entry after pullback and TDI cross. Exit after ranging and after I realized two factors: RN below my entry, price squeezing inside trend line. EU: -7 pips Entry after TDI cross (red, yellow and 50). Good H4/D1 TDI and chart. Good ADR from my indy, but no momentum and ranging. Have you some considerations for me?

You described it....no momentum and ranging markets.....probably won't see much price movement until the G8 meetings and the US Federal Reserve meetings produce some movement this week.



Picked up 40 pips on Asian session AU H1 based on a continued downtrend of the TDI, also a break below the low of the pullback candle and 200EMA.



Three trades today....the first AU H1 trade was already posted. The second AU H1 trade was also for 40 pips and entered at LO on a continuation of the Asian downtrend. The third trade was on EJ H1 at LO, based on a break above the setup candle, change of candle color and bounce of green off red and both above the yellow and the 50 line in the TDI.

Q: Can I ask you if in case of EJ entry (or similar) you stay always in front of your screen with the "mouse" or put order with a price (example >126.630 for EJ)

I enter every trade manually...I don't do pending orders. I also monitor every trade until it reaches at least 21 pips in profit. At that point, my EA moves the stop to BE and sometimes I continue to monitor and others I go back to bed or do something else. That is what works for me.....others do it differently.

Q: Do you use the market base line when considering making a trade?

Not always but the MBL does sometimes show a trend direction. I find that I have better success when the red and green are above the MBL for longs and below it on short trades.....I also use the 50 line in much the same way. In the case of the AU trades today, the entire TDI was trending down and the red & green were below the 50 and the MBL. The TDI green and red are now in oversold territory, so we will have to watch for a move up.





A nice 100 pip scalp on the AU M5 following the FOMC statement releases but before Bernanke's press conference.....done until LO.

Q: Why stochastic and not TDI in this case?

No indicator would work on the move that was made today. Normally, if I scalp M5 (which is usually only following news), the stochastic can confirm an entry and does not lag as far behind as the TDI.



Two trades this morning, both at London Open on the EJ H1 and the AU H1. Both are continuation trades from yesterday's big FOMC moves, entered on a break of the previous candle. Done for the day.



Q: I want to ask about is this what we call a pullback reversal candle pattern?? However, I set the TP too far away it went back and hit me with a SL -2.1 pips (forgot to add the spread). Anyway I want to know am I reading the PA correctly?

That was a PRCP and that candle also set the high of the London session....all trades from there would be short trades (which you did). Your entry should have been at the red line on your chart...once the red candle broke below the last blue candle, entry should have been made. SL should have been a few pips above the reversal candle...35 pips SL is a fairly standard SL for the M15 time frame but even a 30 pip SL would have been fine.....then you would have been in the profit. Price often sets the high or low of the London session in the first hour or two and then many times will move away for 4 to 8 (H1) candles in a row. That did not happen today but you could have still taken a profit of 50 to 70 pips.



Three trades today....all on EJ H1. 1st trade entered at LO based on a continuation of the Asian session trend....candle pulled back....exited with +14. Trade 2....entered on the pullback of the LO candle with TDI green crossing yellow and pointing down but not yet crossed over red....on the M15, green bounced off the red and was about to cross the yellow. Trade 3 taken at NYO following a retracement and then continuation of the downtrend....on the H1, green was already below red and yellow but on M15 green crossed over red and was below the 50 line and the yellow line. I moved my TP from 50 to 100 and SL to BE. TP was hit.

As I have stated many times before, I was confident in these short trades because I know that quite often, the LO or second candle will set the high or low of the session and then move in one direction to the normal ADR. In this case, I saw the pullback candle on LO and went for the short trades, based on that knowledge.....green pips to all.....



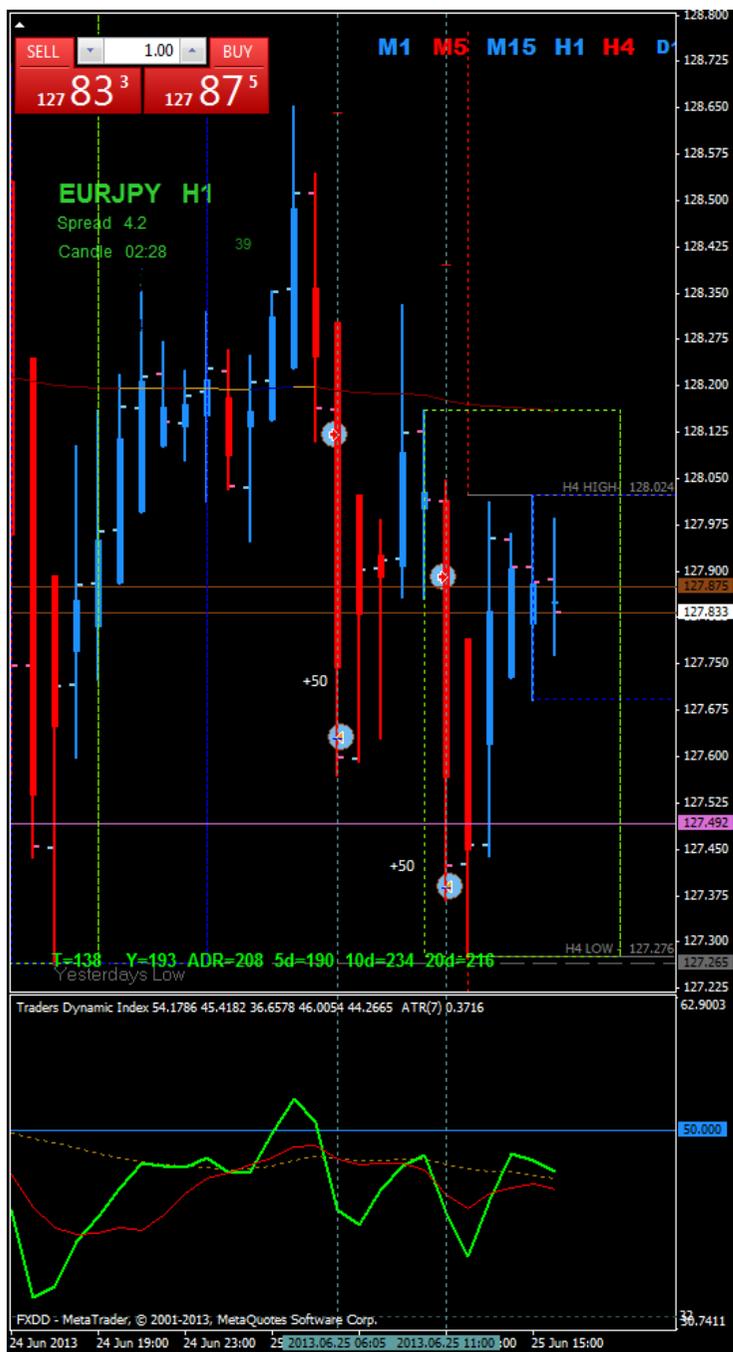
A nice easy 50 pip EJ H1 trade on a Sunday afternoon to start the week.....entry made following a pullback candle on the Asian session open and the TDI green moving up.....already above the 50 line and the red line....about to cross the yellow MBL. Now wait to see what London brings.

Two more trades at LO.....first one stopped out at BE.....second one re-entered following the open of the 2nd candle after it went up and set the high of the London session and then moved back down.....TDI green already crossed red and was crossing yellow and the 50 line.....done for the day.

Q: For the candle that set the London high and then reversed (the candle you took your second trade) would it be possible to enter long as well? There was a pullback candle before the London high candle and price broke past before going down for the night. Is it because tdi didn't cross that made the pullback invalid or any other factors?

There was never a signal to enter long.....in order for me to take a long trade there, I would need to see a CLOSED blue candle and some continuation of that move along with some TDI confirmation before making an entry. There was already support for taking a short trade with 3 red candles before LO and then the red LO candle. The LO candle did become a pullback candle but there was no confirmation to go long.





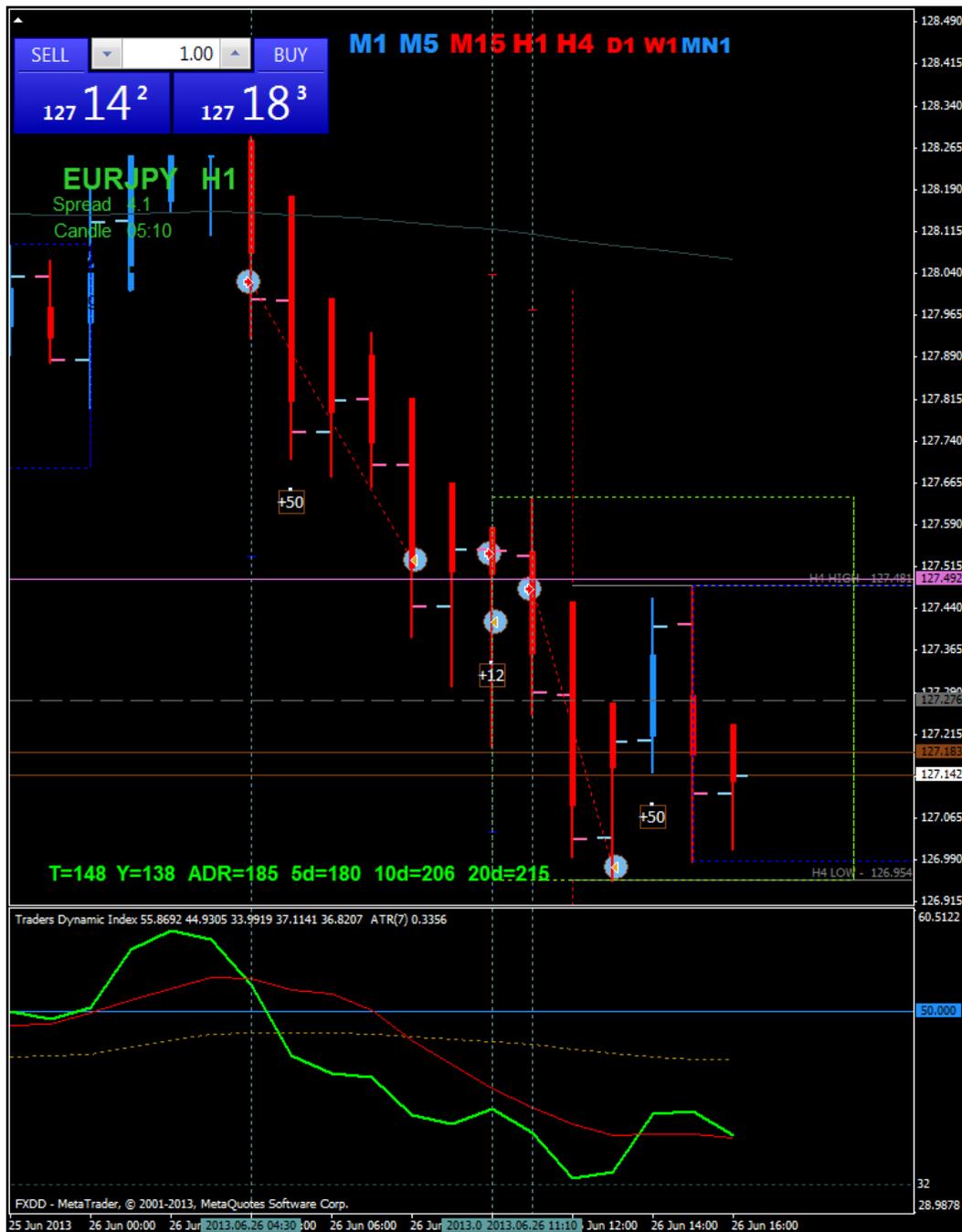
A couple of trades today on the EJ H1 that ran for less than one hour each....the market is a bit choppy and the waves are small and non-trending.

Trade 1....nice pullback candle reversal pattern during the Asian session....once price broke below the 200 EMA, I entered....barely hit my TP before pulling back again.

Trade 1....a typical London pullback trade....Frankfurt candle pulled back....LO candle opened high and closed lower after making wicks at both ends of the candle....on the open of the second London candle, price moved down again, so I took a chance and entered a little early (normally I would wait for a break below the previous candle)....price moved straight down and hit the TP quickly....nice TDI crosses on both trades.

Almost twin trades except I went for +50. →

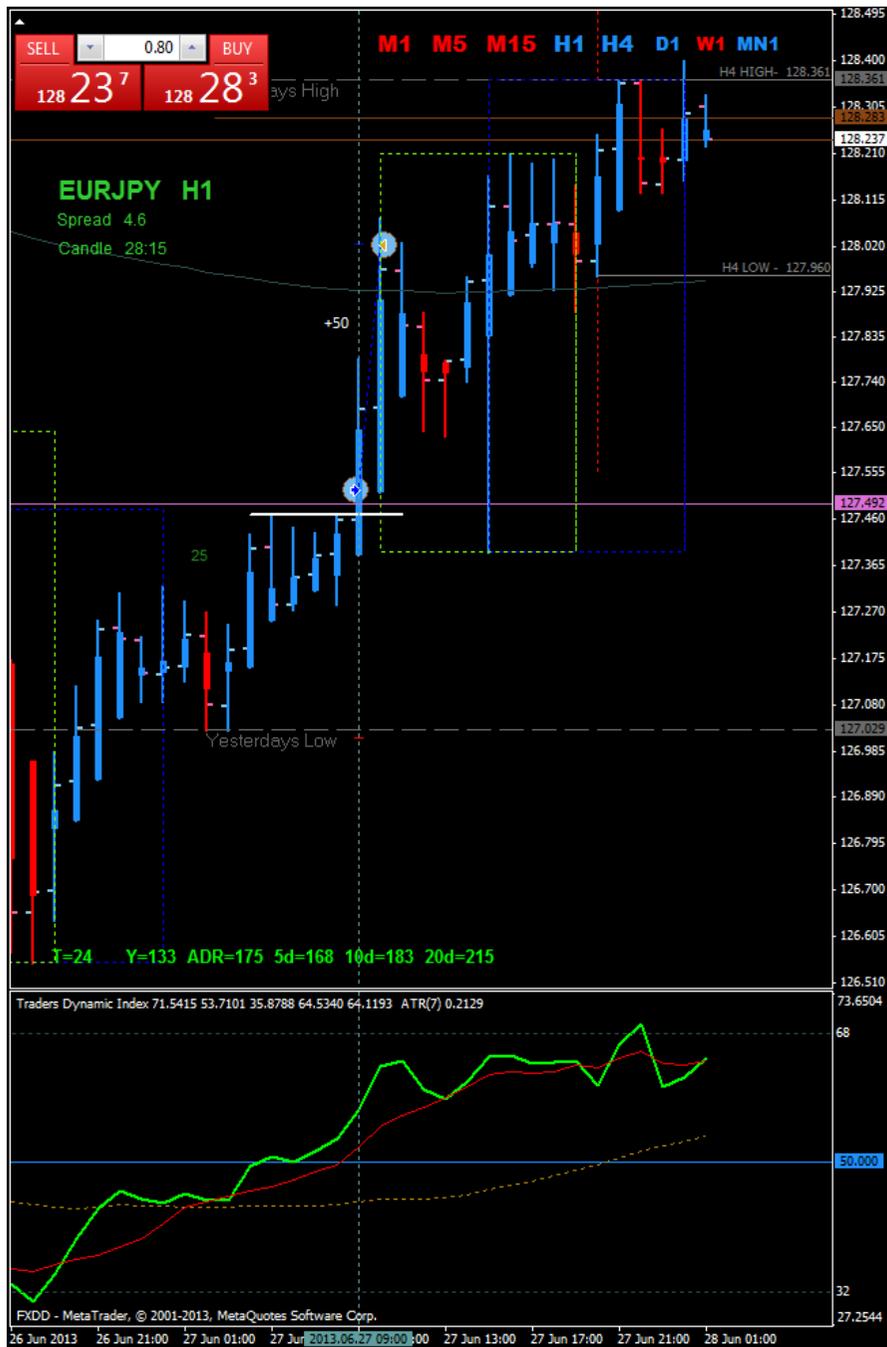




Two more London EJ H1 trades.....entered at LO on a continuation trade that moved over 30 pips in my favor and then pulled back.....closed manually for +12. Waited for price to continue up and set a new London high....once price moved back below last month's low again, re-entered short....price barely hit my TP....otherwise that would have been a BE trade because I went back to bed once that last trade reached over 21 pips, and let the EA manage from there.

Q: In the 2nd last candle of your picture there was a blue candle which looked like it was coming off a good reversal candle. Can I ask would you have entered a long on that? I'm asking because I took the long and it reversed in the next candle, although I moved SL very tight when it was in profit, so it wasn't a great loser.

Yes....there was a signal to go long on that candle. However, there are couple of things that would keep me from entering a long trade there....1. There had already been a move down over 140 pips without a retracement on the H1 chart. From experience, I know that once price moves 60 to 70 pips in one direction during London, it will seldom reverse without several candles of consolidation.....go back and test it.....it happens all the time. Because price had moved that far without a retracement, I would expect that blue candle to be just that....a retracement before price resumes the downtrend. Part of the "flow of the market". 2. I rarely enter trades on the last hour of London or the first hour of NY because London is winding down for the day and NY is opening and usually has lots of whipsaws during the first hour from news and other factors. Time of day and market conditions are very important when entering trades. Some times are much better than others.....



I made one trade today before LO but it wasn't because I saw something in the market. I had some business meetings last night and was late getting home and knew I had to be up early this morning. I clicked on my computer and saw some consolidation at the low of last month, so I ate dinner and got ready for bed. When I got back to the computer, price had just broken through the resistance so I entered. I monitored it until I was up over 21 pips and went to bed.....sometimes, it's better to be lucky than good.....

Two EJ H1 trades today....first one entered on a break of yesterdays high and a cross of the TDI.....the TDI was headed into the overbought zone but I entered anyway because of the nice uptrend of the past two days with no sign of consolidation.....moved TP to 100 due to strong move up but price stopped just short of my TP.....I decided to exit manually since I was going to catch a couple hours of sleep and did not want to lose a lot of pips...second trade was taken based also on the up trend following the pre London retracement....no TDI cross.....barely hit TP.

